

## Message Text

CONFIDENTIAL

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ACTION NEA-10

INFO OCT-01 ISO-00 ONY-00 NEAE-00 /011 W

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P 161036Z AUG 76

FM AMEMBASSY ISLAMABAD

TO SECSTATE WASHDC PRIORITY 7164

C O N F I D E N T I A L ISLAMABAD 8528

STADIS//////////

NEA ONLY FOR PAB/LANDE FROM CONSTABLE

E.O. 11652: GDS

TAGS: EFIN, PK

SUBJ: USG RUPEE HOLDINGS

1. YOU HAVE PROBABLY BEEN BRIEFED THAT THE FIRST ITEM BHUTTO RAISED WITH THE SECRETARY IN LAHORE WAS THAT OF USG HOLDINGS OF PAK RUPEES. BHUTTO ASKED IF A SETTLEMENT COULD NOT BE WORKED OUT FOR DISPOSAL OF THOSE HOLDINGS AS WAS DONE WITH INDIA. THE SECRETARY WAS NOT BRIEFED FOR THIS ONE AND WE HAD HAD NO INKLING BEFORE HAND THAT THE GOP SIDE MIGHT RAISE IT. UNDER THE CIRCUMSTANCES, NOT MUCH COULD BE SAID. THE AMBASSADOR, HOWEVER, EXPLAINED THE POSITION OF THE DEPT, AND THE SECRETARY PROMISED THAT WE WOULD LOOK AT THE SUBJECT AGAIN. SUBSEQUENTLY, BOTH AGHA SHAHI AND KAZI PROFESSED EMBARRASSMENT THAT THE SUBJECT HAD COME UP AND TOLD THE AMBASSADOR THEY THOUGHT IT A MISTAKE TO HAVE HAD THE MATTER RAISED AT THAT LEVEL.

2. WE WERE CAUGHT BY SURPRISE IN PART BECAUSE THE FACT-FINDING EXERCISE BEING CONDUCTED BY A JOINT USG-GOP COMMITTEE HERE HAD NOT FINISHED ITS WORK. THIS WAS EXPECTED TO BE DONE THIS FALL, AFTER WHICH WE WERE HOPEFUL THAT THE GOP, WHEN FULLY FAMILIAR WITH ALL THE FACTS, WOULD AGREE TO DROP THE ISSUE. CERTAINLY FROM TALKS WITH EAD SECRETARY AFTAB AHMAD KHAN AND FINANCE SEC GEN KAZI

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WE THOUGHT THEY APPRECIATED THE CONGRESSIONAL RESTRAINTS

AND RISKS INVOLVED.

3. IN ANY CASE, WE HOW HAVE AN OBLIGATION TO GIVE THE  
GOP A RESPONSE. COULD YOU LET ME KNOW WHICH OFFICE IF  
ANY HAS BEEN GIVEN THE BALL ON THIS ISSUE? IS IT WITH  
US? BEFORE EVERYONE GETS IN THE ACT AND THE USG POSITION  
HARDENS AGAIN, WE WOULD PREFER TO HAVE A FEW WEEKS TO RE-  
STUDY THE ISSUE HERE AND SHARE OUR THOUGHTS WITH YOU.  
JOE WHEELER WILL UNDOUBTEDLY BE EXPLORING THE SUBJECT  
WITH HIS PEOPLE AND PROBABLY WITH YOU TOO WHEN HE ARRIVES  
SHORTLY IN WASHINGTON. YOU MAY WANT TO SHARE THIS MESSAGE  
WITH HIM.  
BYROADE

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## Message Attributes

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